

IV. RESIDENTIAL DEMAND

Residential demand has been strong throughout the Puget Sound region, as the economy has attracted new workers and households. Residential development is an important use in its own right, but also creates demand for other uses as well. Residential demand is presented in this section in terms of:

Overview

Apartment Market Conditions

Condominium Market Conditions

Experience of Downtown Tacoma

Projected Residential Demand

OVERVIEW

City staff estimate the current number of housing units in the study area to be 2,216. Snohomish County Assessor data indicates a smaller number as summarized in Table IV-1. While the city figure is likely to be more accurate, the Assessor figures may be representative of the distribution of housing units by type.

Table IV-1

Everett – Downtown Study Area Multifamily Land Use

	Projects	Units
Condominiums	8	77
Duplexes	36	72
Triplexes	32	96
Fourplexes	25	100
Income/Age Qualified	3	311
Apartments 5 or More Units	82	719
Total		1,375

Source: Snohomish County Assessors Records

Currently, condominiums represent less than 6% of all multifamily units in the study area. Condominiums represent approximately 6.7% of multifamily units in the city as a whole.

APARTMENT MARKET CONDITIONS

OCCUPANCY AND RENTAL RATE COMPARISONS

Apartment market conditions can be compared across the region using data from the Apartment Vacancy Report published by Dupre + Scott. Downtown Everett is included within the Central Everett market area. Vacancy, rental rates, and related apartment market data for buildings containing 20 or more units in the Central Everett area, as of April 2005 as well as the preceding five years, are summarized in Table IV-2.

Table IV-2
Central Everett Apartment Market
Rent and Vacancy Data as of April 2005
Buildings of 20 Units or more

	All	Studio	1 BR	2 BR/1 BA	2 BR/2 BA	3 BR/2 BA
Market Vacancy	8.4%	10.7%	9.3%	8.4%	9.4%	3.7%
Actual Rent	\$711	\$585	\$576	\$634	\$909	\$728
Actual Rent per NRSF	\$650	\$1.13	\$0.85	\$0.77	\$0.79	\$0.69
Buildings Surveyed	13	4	10	12	5	2
Units Surveyed	1,011	28	348	442	96	54

Source: *The Apartment Vacancy Report*, Dupre + Scott Apartment Advisors, Inc., April 2005

Central Everett Apartment Market
Rent and Vacancy Data for March 2000 - March 2005
Buildings of 20 Units or more

	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	5 Yr Avg
Vacancy Rate	3.9%	3.4%	6.0%	11.5%	9.3%	8.4%	7.2%
Average Rent	\$601	\$603	\$616	\$611	\$615	\$650	\$622
% Bldgs. Offering Incentives	18.8%	11.8%	61.5%	88.9%	94.1%	81.8%	62.7%
% Annual Turnover	52.9%	47.1%	49.0%	50.1%	48.2%	41.0%	46.2%
Average Days Vacant	15	17	33	47	45	46	32
Projected Avg. Rent Increase	3.8%	2.8%	2.0%	9.0%	2.5%	5.5%	3.6%

Source: *The Apartment Vacancy Report*, Dupre + Scott Apartment Advisors, Inc., April 2005

As shown, the overall vacancy rate in the Central Everett market is 8.4 percent, and the average rental rate is \$650 per month. Vacancies vary by unit size according to supply and demand conditions, although vacancy is significantly lower for 3 bedroom units in comparison to all other unit types. Generally, 2 bedroom/1 bath units are the most common unit types followed by 1 bedroom/1 bath units. Average rents are almost always higher for larger units, except in the case of 3 bedroom and 2 bedroom/2 bath units in this market. On a per square foot basis, the smallest units are the most expensive.

Vacancy in the Central Everett market increased steadily between 2000 and 2003, reaching a high of 11.5 percent in March 2003. Since then, vacancy has declined to the current level of 8.4 percent. Notable in this market is the average number of days vacant statistic, with this number increasing from 15-17 days vacant in 2000-2001 to an average of 46 days during the last two years.

Table IV-3 compares the Central Everett market to surrounding apartment markets as well as Snohomish County and King County.

Table IV-3
Apartment Market - Central Everett and Surrounding Communities
Rent and Vacancy Data as of April 2005
Buildings of 20 Units or more

Area	Vacancy Rate	Studio, 1, 2, & 3 BR Units		Average Rent
		Average Rent Range	Actual Rent/SF/Mo.	
Central Everett	8.4%	\$585 - \$909	\$0.69 - \$1.13	\$650
Paine Field	6.1%	\$567 - \$987	\$0.80 - \$1.04	\$705
Silver Lake	6.1%	\$613 - \$911	\$0.77 - \$1.06	\$726
Mill Creek	5.9%	\$635 - \$1,073	\$0.88 - \$1.19	\$839
Marysville/Monroe	3.5%	\$603 - \$907	\$0.76 - \$0.83	\$733
Snohomish County	6.3%	\$576 - \$995	\$0.82 - \$1.12	\$750
King County	6.7%	\$657 - \$1,113	\$0.98 - \$1.37	\$845

Source: *The Apartment Vacancy Report*, Dupre + Scott Apartment Advisors, Inc., April 2005

The vacancy rate in Central Everett is higher than all surrounding markets, and higher than Snohomish and King County as a whole. Average rent is lower than all surrounding markets, likely indicative of the advanced age of numerous apartment complexes in Central Everett.

CURRENT INVENTORY

The characteristics of existing market rate apartments in downtown Everett are summarized in Table IV-4. Several observations worthy of note are discussed below.

- There have been two large, multi-story complexes constructed in the downtown area in the last four years. Most recently, the Peninsula Apartments were completed in 2004 at Colby and Pacific Ave. This six-story, 62-unit complex has the highest rents in downtown with some one bedroom units going for \$1,000 or more per month. There are only two-2bd units total at Peninsula. Excellent water and mountain views are available, as well as garages, loft-style units, and high quality build-out.
- The other major new apartment complex in downtown, completed in late 2001, is the Nautica Apartments at Hewitt and Grand Ave. This is a five-story building

with a total of 121 studio, one bedroom, and two bedroom units. Current rents run from \$700+ for one bedrooms and \$1,000+ for two bedroom units. This complex also has excellent views of Port Gardner and the mountains. The Nautica also has 5,500 square feet of ground floor commercial space.

- Most other apartments in the downtown area were completed in the early 1990s (Bayview Apartments and Colby Crest Apartments), or between 1920 and 1941 (Monte Cristo Apartments, Madrona Apartments, and The Clermont).

Table IV-4
Downtown Everett
Characteristics of Selected Market Rate Apartments

Name	Address	No. of Units	Year Built	Unit Type	Unit Size	Rent/Mo	Amenities
Bayview	2514 Grand Ave.	28	1991	N/A	N/A	N/A	N/A
The Clermont	2502 Colby Ave.	32	1941	N/A	N/A	N/A	N/A
Colby Crest	2513 Colby Ave.	64	1992	Studio 1Br/1Ba 2Br/1Ba	435 588 829	\$450-\$500 \$500-\$580 \$625-\$725	Garages, balconies, Views
Glacier Vista	3319 Colby Ave.	24	1963	1Bd/1Ba 1Bd/1.5Ba 2Bd/1.5Ba 2Bd/2Ba	1,000 1,000 1,276 1,276	N/A	Views, large units
Grenwich	3501 Colby Ave.	30	2000	1Bd/1Ba 2Bd/1.5Ba 2Bd/2Ba	797-843 949-1,007 901-1,136	N/A	N/A
Madrona	2632 Rucker Ave.	29	1920	Studio 1Br/1Ba	470 570	\$425 \$500-\$600	N/A
Monte Cristo	2929 Hoyt Ave.	69	1924	Studio 1Br/1Ba 2Br/1Ba	300-500 515-660 796	\$450-\$500 \$550+ \$700+	Secured entrance, elevator, views
Nautica	2824 Grand Ave.	121	2001	Studio 1Br/1Ba 2Br/1&2Ba	500 760 1000-1100	\$625+ \$710+ \$1000/\$1100+	Garage & Covered parking, views, balconies, W/Ds
Peninsula	3120 Colby Ave.	62	2004	Studio 1Br/1Ba 1Br/1Ba Den 2Br/2Ba	650-750 710-900 740-900 1,000	\$660-\$895 \$775-\$1050 \$740-\$1150 \$1400-\$1500	Garage & Covered parking, views, loft-style, W/Ds

N/A Not Available
Source: Property Counselors

The Peninsula and the Nautica Apartments, representing the newest product downtown, are achieving rents of more than \$1.00 per square foot per month, with some units renting for over \$1.25 per square foot. These mid-rise complexes offer water and mountain views, as well as garage parking.

A large mixed-use project known as Port Gardner Wharf is proposed for development on a 64-acre site on Everett's waterfront. The project will be located northwest of downtown, between 10th and 16th Streets on W. Marine View Dr. Plans include 660 condominiums, 255,000 square feet of retail and commercial space, 75,000 square feet of lodging and restaurant space, 385,000 square feet of office space, and 98,600 square feet for marine sales and service. The Port of Everett, which is selling some of the land to Maritime Trust, will share costs of the infrastructure work with the developer.

Other proposed apartment development includes a 31-unit apartment complex known as Cascade Square, which is slated for construction in the 3100 block of Rucker Ave. A double four-plex project (eight units), known as Lyle Blank 4, is scheduled for completion at 3128 Lombard Ave.

In addition to the market rate housing facilities listed on the previous page, there are several facilities available for residents qualifying according to income or age. Five facilities are shown in Table III-5 and are summarized below.

- Broadway Plaza East and Broadway Plaza West are high-rise apartment buildings owned by Everett Housing Authority. Plaza East is a nine-store building containing 102 one-bedroom units, while Plaza West is eight stories with 89 one bedroom and two bedroom units. Both provide below market assisted living for seniors and people with disabilities.
- Pacific Crest is a private nonprofit senior apartment project at Pacific Ave. and Oakes St. that is owned by Bethany. The seven story building, constructed in 1996, contains a total of 120 independent living units, plus ground floor retail space and two floors of underbuilding parking.
- Two smaller apartment complexes owned by Everett Housing Authority are located in the 3327 Rucker Ave. (15 units) and 3322 Oakes Ave. (12 units).

Table IV- 5
Downtown Everett
Age-Income Qualified Housing

Name	Address	Units	Year Built	Programs
Broadway Plaza East	3200 Broadway	102		Everett Housing Authority Senior Housing, Income Limits
Broadway Plaza West	3017 Lombard Ave.	89	1991	Everett Housing Authority Senior Housing, Income Limits
Pacific Crest	1818 Pacific Ave.	120	1996	Senior Housing, Income Limits
	3327 Rucker Ave.	15	1988	Everett Housing Authority
	3322 Oakes Ave.	12	1989	Everett Housing Authority
		<u>338</u>		

Source: Snohomish County Assessors Records
Property Counselors

Although located outside the downtown area, a major new senior housing project known as Vintage at Everett is currently under construction at 11th St. and E. Marine View Dr. in northeast Everett. This age-restricted project contains a total of 259 one-bedroom and two-bedroom apartments, including a combination of subsidized and market rate units.

Also worthy of note, although also located north of downtown, are the Bakerview Apartments, an existing 151-unit apartment complex owned by the Everett Housing Authority. This is an age-restricted project as well with sheltered rents. A major new townhouse project is also proposed in the same area by the Housing.

CONDOMINIUM MARKET CONDITIONS

Home prices in Snohomish County for single family homes as well as condominiums have increased dramatically in the past year throughout the region. King County has the highest median price of \$381,250 for September 2005, but Snohomish County's median prices have also topped \$300,000.

Table IV-6
Home Price Comparison by County
September 2005

	Median Price	Annual Increase
Snohomish	\$310,000	18.1%
King	381,250	15.6
Pierce	246,250	19.0
Kitsap	272,900	22.7

Source: Northwest Multiple Listing Service

Median prices in Everett are below those for Snohomish County but have closed the gap recently. The median price for the third quarter of 2005 of \$272,275 is 18.6% greater than the median price one year earlier.

Table IV-7
Everett Median Home Price Trends

First Quarter 2004	\$215,000
2 nd Quarter 2004	229,500
3 rd Quarter 2004	230,000
4 th Quarter 2004	234,000
1 st Quarter 2005	239,000
2 nd Quarter 2005	259,950
3 rd Quarter 2005	272,725

Source: Northwest Multiple Listing Service

Condominiums are multifamily housing units which are available for sale. Condominium sales data for the region as a whole are summarized in Table IV-8. As shown, average sale prices are highest in Seattle, followed by East Lake Washington. Sales prices generally exceed \$300 per square foot on average in these areas. Prices in Snohomish County, which are similar to Pierce County, are significantly less at \$254, \$191, and \$188 per square foot for one-, two-, and three-bedroom units, respectively.

Table IV-8
Condominium Sales Trends in King, Pierce and Snohomish Counties

Location	One Bedroom			Two Bedroom			Three Bedroom		
	Average Sales Price	Average Sq. Ft.	Average \$/Sq. Ft.	Average Sales Price	Average Sq. Ft.	Average \$/Sq. Ft.	Average Sales Price	Average Sq. Ft.	Average \$/Sq. Ft.
Seattle	\$295,507	741	\$395	\$601,896	1,240	\$440	\$654,020	1,845	\$309
North King County	\$154,429	815	\$189	\$178,788	942	\$190	\$378,050	1,909	\$200
Greater Eastside	\$210,244	709	\$312	\$569,422	1,560	\$325	\$488,533	1,765	\$262
South King County	\$136,659	763	\$190	\$196,024	1,151	\$170	\$270,656	1,755	\$158
Pierce County	\$213,667	895	\$229	\$255,702	1,219	\$209	\$295,560	1,542	\$195
Snohomish County	\$222,893	866	\$254	\$244,470	1,261	\$191	\$341,014	1,683	\$188

Source: Central Puget Sound Real Estate Research Report, Spring 2005.

Table IV-9
Downtown Everett Area Condominiums
New Units by Year

Year Built	Units
1965 – 1975	32
1976 – 1980	103
1981 – 1985	14
1986 – 1990	0
1991 – 1995	26
1996 – 2000	9
2000 – 2005	130
	<hr/> 314

There are 314 condominium units in or near downtown Everett according to Snohomish County Assessor records as of July 2005 as shown in Table IV-9. Most condominium development occurred during the late 1970s and 2000-2001. The bulk of the latter development consists of a 90-unit complex known as The Grand, which is actually five blocks south of the downtown area as defined in this study.

Characteristics of condominium projects containing 9 or more units in downtown Everett are summarized in Table IV-10.

Table IV-10
Downtown Everett
Summary of Characteristics of Existing Condominiums
Buildings with 9 or more units

Name	Address	No. of Units	Year Built	Unit Type	Unit Size	Sale Price	Price/SF
Bayside View	2522 Rucker Ave.	40	2002	2Br/1Ba 2Br/2Ba 3Br/2Ba	755 1,075 1055-1420	\$120s \$130s \$165-\$200	\$160 \$120 \$150
Bay Ridge Estate	2219 Rucker Ave.	10	1994	1Br/1Ba 2Br/1Ba 2Br/2Ba	815 935 927	\$120,000 \$142,000 \$170,000	\$147 \$152 \$183
Carib House	2619 Rucker Ave.	14	1983	1Br/1Ba 2Br/1Ba	736 879	\$89,000 \$120,000	\$121 \$137
Colby House	3207 Colby Ave.	20	1979	1Br/1Ba 2Br/2Ba	789-853 1030-1037	\$92,000-\$98,000 \$115,000-\$140,000	\$115 \$124
The Grand	1318 37th St.	90	2002	2Br/2Ba 3Br/2Ba	1000-1100 1512-2124	\$130,000-\$165,000 \$212,000-\$312,000	\$130-\$150 \$140-\$146
2000 Grand	2000 Grand Ave.	12	1979	2Br/2Ba	1346-1396	\$243,00-\$260,000	\$180-\$186
Grandview Place	2420 Grand Ave.	9	1999	1Br/1Ba 2Br/2Ba	697 929-963	\$106,000-\$114,000 \$146,000-\$163,000	\$158 \$164
Mountain View	3425 Colby Ave.	29	1979	1Br/1Ba 2Br/2Ba	796-863 974-1045	\$77,000-\$94,000 \$106,000-\$120,000	\$104 \$113
Royale	3209 Hoyt Ave.	12	1968	2Br/1Ba	866-873	\$85,000-\$89,000	\$100
Westchester Place	1931 Grand Ave.	9	1994	2Br/2Ba	1,763	\$360,000	\$204

Source: Snohomish County Assessor Records; Property Counselors

- The most recent condominiums completed are Bayside View in the 2500 block of Rucker Ave., and The Grand, located in the 1300 block of 37th St. Both these projects were constructed in 2002. Sales at Bayside View commenced in late 2000 and most units were sold by the end of 2002. Sales at The Grand began in March 2000, and all of the 90 units were sold by early 2003.
- Nearly all of the condominiums in the downtown area have views of Puget Sound given their locations on Rucker, Grand, Hoyt and Colby Avenues, on the west side of the central business district.
- Highest prices paid for condominiums in downtown Everett include two units at Westchester Place, which sold for \$360,000 and \$370,000 (\$204 - \$212 per square foot). A unit at 2030 Grand Ave. sold in late 2004 for \$322,500 (\$153 per square foot). Only a few projects are achieving price levels exceeding \$175 per square foot including 2000 Grand, Bay Ridge Estates, and Westchester Place.

Proposed condominium development at this time is limited to an eight unit project at 1920 Grand Ave.

EXPERIENCE OF DOWNTOWN TACOMA

Downtown Tacoma has experienced a renaissance in recent years with a significant level of new residential development. Multifamily building permit activities in the Central Business District is shown in Table IV-11.

Table IV-11
Tacoma Central Business District
Multifamily Building Permits - # of Units

1993	0	1999	0
1994	0	2000	40
1995	0	2001	333
1996	68	2002	71
1997	0	2003	23
1998	28	2004	369
		Total	932

Source: City of Tacoma Economic Development Department

This activity is the result of two major factors.

- The city and other agencies have invested in a variety of public amenities for the area including:
 - A branch campus of the University of Washington
 - The State Historical Museum

- The Tacoma Art Museum and Museum of Glass: International Center for Contemporary Arts
- The Tacoma Convention Center
- Thea Foss Waterway Improvements
- Light Rail Service between Downtown and Tacoma Dome
- In 1996 Tacoma was the first city in the state to establish a property tax exemption program, providing a 10 year property tax exemption for qualifying projects in Downtown and other designated areas of the city.

The new residential development includes both apartments and condominiums. 86% of the units developed under the property Tax Exemption Program were apartments during the period 1996 through 2004. However, the incidence of condominiums has been much higher in recent years.

Several of the projects that have been built have achieved high rents and sales prices. The 88 unit Metropolitan Tower apartments have achieved rental rates of \$1.50 per square foot per month. The 46 unit Thea Foss condominiums have sold for prices averaging \$450,000 for a 1,600 square foot unit, approximately \$280 per square foot.

This experience demonstrates that a downtown area outside the regional population center can attract residents for market rate housing, if public amenities are provided and if financial incentives are available.

PROJECTED DEMAND

The City's 1994 Comprehensive Plan had a goal of 2000 additional housing units for the Downtown area by 2012. The current Comprehensive Plan has suspended that goal pending completion of the Downtown Subarea Plan. However, based on the experience in Tacoma, this goal appears to be a realistic one.

Many of the favorable qualities in Tacoma currently exist in Everett as well. Each city's downtown is located on a hill overlooking Puget Sound. The waterfront in each community is largely industrial, with some transition to mixed use development. The commercial core in each city suffered from the competition of new regional malls developed in the 1960's and 1970's. There has been significant public investment in cultural and transportation facilities, and both cities have a Multifamily Property Tax Exemption Program, although the Everett program is somewhat more restrictive with a minimum property size of 20 units, compared to four units in Tacoma.

The experience of Tacoma can be discounted somewhat because the Tacoma population center is greater than that in Everett. The recent absorption rate in Tacoma represents 160 new multifamily units per year. It's reasonable to expect that that level can be

sustained as the overall attractiveness of Downtown as a place to live increases. With a population of 198,000 in 2005, Tacoma has approximately twice the population of Everett. If Downtown Everett were to sustain 50% of Tacoma's rate of multifamily development, it would support 80 units per year. Over 10 years, that would represent 800 additional multifamily units. This is equivalent to a 36% increase in Downtown housing over the period. If Downtown housing grew at the same rate over the next 10 years, the increase would be another 1,100 units. Total projected growth over the period would be 1,900 units.

There are two demographic segments that are attracted to urban downtown settings.

- Empty nesters are households where the children have grown up and moved out, and a large single family home provides too much space and maintenance responsibilities. The attractive single family residential area surrounding Downtown will provide a ready market for such households.
- Young households with no children are often interested in a residential setting without the responsibilities of yard and home maintenance. These households don't have the home equity levels of the empty nesters, but frequently have growing income levels.

There will be demand for both apartments and condominiums in Downtown Everett as in Tacoma. As long as interest rates remain relatively low, condominiums could represent 40% of total multifamily units downtown.

New development could support rent and price levels commensurate with those in Tacoma and higher than current levels in the city.

Apartment: up to \$1.50 per square foot per month

Condominiums: up to \$300 per square foot